

Afghanistan: the reconstruction process

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It is interesting to reflect on what reconstruction means in the case of Afghanistan at the present juncture. The country has already benefited from over ten years of reconstruction assistance since the fall of the Soviet-backed government in 1992, and there is much to show for these efforts by the aid community to restore agriculture and provide basic services. On the other hand, the drought of 1999–2001 has seriously affected agricultural production and remains a major threat to livelihoods in the south of the country.

The country has depended for decades on the safety valve offered by migration to Iran, Pakistan and beyond, and on a strong entrepreneurial tradition which has created business activity out of the most meagre of opportunities. These continue to represent the best hope at the present time. Yet the emergence of a new government following on from the US-led military intervention of October 2001 and the Bonn Agreement of December 2001 were intended to set the stage for a major reconstruction effort by the international community. Before we look at some of the patterns that have presented themselves, it may be useful to consider the reconstruction process to date.

The Afghan economy before and after the conflict

Afghanistan is effectively a mountainous desert in which river valleys and the occasional oasis permit a limited degree of cultivation. The economy has always depended largely on subsistence agriculture, based on wheat (irrigated and rain-fed) and livestock, with fruit and cotton production in the more fertile areas. Investment by the Soviet Union, in particular, in the 1960s and 1970s facilitated a steady growth in the economy including the creation of a small industrial base. Industrial growth was largely focused on the processing of agricultural raw materials, cement, fertilizer and artificial silk and, by 1980, represented 9 per cent of GDP.¹

¹ Peter Marsden and Emma Samman, 'Afghanistan: the economic and social impact of conflict', in Frances Stewart, Valpy Fitzgerald et al., *War and underdevelopment* (Oxford: Queen Elizabeth House Series in Development Studies, Oxford University Press, 2001).

The Soviet invasion of 1979 led to a mass exodus of almost six million refugees to Pakistan and Iran. This large-scale departure of a high proportion of the rural population meant that maintenance of irrigation systems, flood protection structures and housing was neglected. Destruction by direct military action was also considerable and led to large livestock losses.

The interparty fighting during the *mujahedin* government of 1992–6 resulted in much of southern and western Kabul being reduced to rubble. The economy of the capital was also badly affected by the creation of a front line between the Taliban and the Northern Alliance for much of the period 1996–2001 in the Shomali valley, to the north of Kabul, which seriously undermined its role as a trading centre. Mazar-i-Sharif was similarly affected by the closure of the Uzbek border after the Taliban takeover of the city in August 1998. The combined effect was that the trade route between Central Asia and Pakistan via Mazar and Kabul effectively ceased to operate. A scorched earth policy adopted by the Taliban in the Shomali valley brought about an almost total destruction of housing, irrigation systems and orchards.

The conflict also resulted in a collapse of the basic power, transport and telecommunications infrastructure. Today electricity provision is extremely limited and intermittent. The national telephone system no longer functions effectively. Bus fleets have suffered heavily from bombing raids, and Ariana Airlines is only now managing to replenish its stock of planes through donations by India after crashes in recent years.

The reconstruction process to date

The UN, International Committee of the Red Cross (ICRC) and NGOs have been operating on a reasonable scale in Afghanistan since the fall of the Soviet-backed government in April 1992, although their effectiveness has inevitably been reduced by the vagaries of the conflict within the country. However, long periods of relative stability in one area or another have made it possible for solid progress to be made over the years in the restoration of irrigation systems and flood protection structures, the repair of minor roads, the provision of wells, the supply of improved seeds, the establishment of water supply, sanitation and refuse collection systems in the cities, and the creation of a network of health and education facilities.

The period since the beginning of the serious drought of 1999–2001 has seen much of this reconstruction work put on hold while agencies seek to address the immediate humanitarian needs of the population. The US-led military intervention in Afghanistan of October 2001 occurred while the drought was still gripping the country, and much of the effort of the aid community since then has been focused on addressing the continuing humanitarian crisis. This has been compounded by the very large-scale return of refugees from Pakistan and Iran since March 2002, much of which has been brought about under considerable pressure from the host governments rather than reflecting a view

on the part of those living in exile that the economy could now support their return. One is therefore left with a feeling that, in spite of the massive scaling up of the international presence in the country, the aid community has not been able to do much more than provide relief assistance to the vulnerable elements of the population. This is not to deny that such interventions were necessary. It is simply to state that, in spite of the improved rains in the spring of 2002, significant progress in reconstruction has yet to be made. The very limited progress achieved so far has created much controversy within both the international community and the interim government. It is important, therefore, to look at this situation in some detail, considering, in particular, the outcome of a major donor conference held in Tokyo in January 2002.

The Tokyo pledging conference

The purpose of the Tokyo meeting was to consider a draft reconstruction programme drawn up by the UN Development Programme, the World Bank and the Asian Development Bank, and to seek funding pledges from donors towards the recovery of Afghanistan. Much effort has since been expended in trying to track these pledges in the face of varying degrees of transparency, different budgetary and payment cycles, uncertainty as to the ratio of grants to loans, and a lack of clarity as to whether the pledges were intended to cover both humanitarian and reconstruction assistance. Further confusion was created by the fact that the bulk of the funds made available was given directly to UN agencies, international financial institutions, the ICRC and NGOs, leaving only a small proportion to be delivered through a special trust fund established to support the operations of the interim government.

The Afghan Assistance Coordination Authority (AACA) within the Afghan transitional administration has undertaken an analysis of disbursements by donors against the pledges made at Tokyo. The indications, as at 25 September 2002, were that the international community had delivered 51.6 per cent of the amount pledged at Tokyo. Within this overall total there are significant differences among donors. Thus, for example, the World Bank had disbursed very little of the funding pledged while the figure for British government allocations is determined by the fact that funds are disbursed on a quarterly basis. The absence of clear information on the honouring of pledges led, at one point, to accusations by a senior US official that Europe was not pulling its weight, accusations that Europe stoutly rebutted by presenting detailed information on contributions made. It transpires that the United States had disbursed \$350 million by 25 September, which represents 117.8 per cent of the amount pledged for 2002. On the other hand, Europe, including both member states and the European Commission, had disbursed a total of \$432 million, which represents 62 per cent of the amount pledged. It is also important to note that, although only half the amount pledged had been disbursed, i.e. paid into the bank accounts of implementers or into a trust fund, \$1.3 billion of the \$1.87 billion pledged for

2002 had been committed to specific projects. The AACCA analysis shows that \$4.3 billion of the total \$5.2 billion pledged at Tokyo, which includes multi-annual allocations, is in grant form.

According to the AACCA analysis, about 60 per cent of the funds disbursed have been allocated to humanitarian relief activities and 40 per cent to reconstruction activities. However, much of this reconstruction assistance is to support programmes such as education, basic sanitation for internally displaced persons (IDPs) and returning refugees, and de-mining. Very little indeed has been earmarked for conventional reconstruction in sectors such as transport, power and telecommunications. This, of course, reflects the facts that one of the largest repatriation programmes ever conducted has had to be supported and that the impact of the drought continues to be felt in many areas, creating a very large population of IDPs.

The various arguments over which governments have honoured their pledges have diverted attention from the fact that the per capita allocation made at Tokyo for the reconstruction of Afghanistan is much less than that pledged for other major emergencies. The Center for Economic and Social Rights noted, in May 2002,² that recent international assistance to the Balkans, Palestine and East Timor had ranged from \$200 to \$300 per capita per year, which suggested an annual figure of about \$5 billion for Afghanistan—almost three times the figure pledged at Tokyo.

The process of state-building

Donors have differed in the degree of financial support they have been willing to give to the bureaucracy of government. Some, like the UK government, have argued strongly that the interim administration needed an early injection of funds to help it get on its feet. Others have been concerned that the Afghan government might not have the capacity to manage large sums of money or implement programmes. The interim government has responded to this concern by creating transparent financial systems which accord with internationally recognized standards, by drafting a National Development Framework and drawing up a National Development Budget.

The government in Kabul has thus endeavoured to create a bureaucratic system which accords with prevailing international norms determined by the World Bank and others. Consistent with this, it takes the view that the bureaucracy should be lean and aim to achieve no more than the provision of a regulatory and contractual framework for the necessary functions of the state and for the operations of the private sector. However, the new administration has inherited the remnants of a bureaucracy modelled on the Soviet command and control economy. The Taliban were clearly of the view that the bureaucracy was too large and took action to reduce its size. Further downsizing was

² *Human rights and reconstruction in Afghanistan*, Center for Economic and Social Rights, May 2002.

achieved by requiring female employees to remain at home, which encouraged many to leave the country, and by removing officials thought to be insufficiently 'Islamic'. In addition, many thousands of civil servants left the country in response to the anarchy that prevailed under the *mujahedin* government of 1992–6 and the restrictions imposed by the Taliban. However, any further downsizing at the present time could be politically risky, as the government sector represents an important source of employment in an economy that is recovering from both the impact of conflict and the recent drought.

Donors have sought to build up the implementation capacity of the bureaucracy. To this end, UN agencies and the World Bank have been mandated to embark on capacity-building programmes through the provision of training. In addition, programme secretariats have been established within each ministry led by particular UN agencies, with international staff seconded to them.

The interim government has inevitably felt ambivalent about this 'elder brother' approach adopted by the donor and UN communities, and has argued that it should, at least, have the central role in determining policy and strategy, in addition to its current responsibility for setting the planning and budgetary framework, even if its capacity to implement programmes remains limited. The government also argues, in line with its ambition of establishing a lean bureaucracy, that it should seek to contract out the implementation process to the private sector, the UN and NGOs rather than build up its own implementation capacity.

The Afghan government is clearly extremely unhappy about the current size of the UN presence, and about the fact that the UN is effectively operating as a parallel administration. This has meant, for example, that the government has needed to respond to requests for assistance from the population by going begging to the UN, ICRC or NGOs rather than drawing on resources at its disposal. Also, it has not been in a strong position to coordinate the allocation of resources coming into Afghanistan while international agencies hold most of the funds; nor has it had easy access to the information and analysis that the aid community has at its disposal for planning purposes. Even the process of coordinating the implementation of programmes has proved to be a complex one, with so many actors involved.

Thus the primary role of the government at present is to oversee the provision of services to the population and provide a regulatory framework. Alongside the line ministries, but still within the government, is the AACA, whose role partly duplicates that of some ministries. Outside the government is the United Nations Assistance Mission for Afghanistan (UNAMA), whose role is to coordinate the functions of all the UN agencies engaged in humanitarian assistance, notably the World Food Programme (WFP), UN High Commission for Refugees (UNHCR) and UN Children's Fund (UNICEF). However, it is the AACA rather than UNAMA which calls agencies together, including NGOs, to plan humanitarian programmes. While UNAMA focuses on humanitarian assistance, both the World Bank and the UNDP have mandates to support the

developmental efforts of the government; but the UNDP also appears to be implementing its own developmental projects, partly through the Food and Agriculture Organization and the International Labour Organization, but also directly.

The Afghan transitional administration therefore finds itself having to deal quite firmly with the UN and other representatives of the international community in its efforts to ensure that its voice is heard at policy-making levels. To this end, it has recently demanded that the next UN appeal to donors be based on a process controlled by the government, not by the UN.

Similarly, at the meeting of the implementation group of donors held on 12 October 2002, the government expressed its serious concern at the fact that, of the \$960 million disbursed since Tokyo, only \$90 million, or 9 per cent of the total, had been provided directly to the Afghanistan Reconstruction Trust Fund from which the state bureaucracy draws its funds, although a total of approximately \$210 million was expected to be transferred to the government during the financial year. The balance of the \$960 million has thus been directed through the UN, international financial institutions and NGOs. The government also announced that it faced a shortfall of between \$100 and \$150 million on its budget of \$460 million for the Afghan financial year (21 March 2002–20 March 2003), taking into account the income that it was raising independently, primarily through customs revenues. The new administration made a strong plea for long-term assistance to be channelled through the Afghanistan Reconstruction Trust Fund in the next funding cycle, noting six priority areas for development: education, roads, water and power, rebuilding of government buildings nationwide, water and sanitation in the cities, and rural development.

It is significant that donors appear to have taken these calls by the interim government seriously, and there are strong indications that donors may be willing, in response to the National Development Budget presented, to give the government much easier access to resources provided by the donor community. This can be seen in part as a reflection of the success of the administration in demonstrating that it has the systems in place to manage international funding; but it may also reflect a recognition by the international community that, if it does not bolster the regime at this stage, it could well fail.³

Related problems are apparent within the aid agencies. With over 600 international staff working for the UN and many more employed by the ICRC and NGOs, international personnel are tending to dominate policy- and decision-making processes both within agencies and at inter-agency meetings. This situation can be contrasted with the period prior to 11 September 2001, when the international presence was a fraction of its present size. Agencies had been able to make good progress over the years in 'Afghanizing' their operations so that a typical international NGO had between one and three international

³ Although the meeting of the implementation group was felt to have brought about a strong commitment by donors to put far greater resources through government structures, it may be that, back in their various capitals, donors will be more cautious in their approach.

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staff and much of the middle management rested with Afghan professionals. Policy-making meetings drew largely on this expertise, together with the field experience of Afghan staff.

In the circumstances since 11 September, in which security concerns have imposed considerable constraints on the mobility of international personnel, the very limited Afghan representation at key meetings has meant that discussion has not been well anchored in the complex realities of the country. The effectiveness of inter-agency meetings has also been undermined by the large number of agencies needing to coordinate their efforts. As a consequence, agency staff have tended to stay away from coordination meetings because they are seen to go nowhere. This has further distanced international staff from the reality around them and, combined with work pressures, has encouraged a tendency for staff to focus increasingly on the immediate task in hand and ignore the big picture.

The potential for future reconstruction

NGOs operating in Afghanistan have argued strongly that funding commitments made at Tokyo were insufficient to the task and that the international community needs to commit very much more money. They have referred to a statement made earlier in 2002 by the US President, George Bush, that a Marshall Plan for Afghanistan should be created and to the fact that there has been no indication, as yet, of such a plan coming to fruition.

These calls by NGOs arise, in large part, from concern over the fragility of the political situation in Afghanistan and a fear that the country could again descend very rapidly into civil war. NGOs have echoed the view expressed by the Afghan transitional administration, and by the UN, that large-scale reconstruction funding is needed to provide some hope to the population at large, in the absence of an international security presence, and also to encourage the various regional power holders to see some benefit in cooperating with the regime in Kabul.

The announcement by the US government that it will join forces with Japan and Saudi Arabia, and with the Asian Development Bank, to reconstruct the Kabul–Herat road is therefore very welcome. This project links with plans to improve other parts of the main highway system and will complement the work which is already under way, under the aegis of Iran, to rebuild the road from the Islam Qala border to Herat, as well as the work previously undertaken by the Taliban, which is being added to by Ismail Khan, to improve sections of the highway in the vicinity of Herat. It also complements plans, which a Swedish engineering company is overseeing, to invite tenders for work to begin in early 2003 on the Kabul–Jalalabad–Torkham road, thus taking it to the Pakistan border. Initial work to grade the road will be undertaken by the Afghan Construction and Logistics Unit before the end of 2002. Work is also planned, with support from the Japan Fund for Poverty Reduction and the Asian

Development Bank, on the road between Kandahar and the border at Spin Boldak. However, the plan previously announced by the World Bank to reconstruct the road from Kabul to Doshi, via the Salang Pass, is on hold while negotiations take place with the transitional authority as to whether this should be funded by a grant or a low-interest loan. The finance minister, Ashraf Ghani, is said to be reluctant to commit Afghanistan to loans while the political, economic and security situation remains so uncertain.

These imminent projects can be contrasted with low-key speculation as to whether a pipeline will ever be built to transport Central Asian gas across Afghanistan to Pakistan. This was a very real likelihood in the mid-1990s when the US-based oil company UNOCAL was competing with an Argentinian company, Bidas, for the rights to construct such a pipeline. The US air strikes on Afghanistan of August 1998 and the simultaneous feminist lobby on the US government not to draw up deals with the Taliban led UNOCAL to withdraw at the end of 1998. The new government established under the Bonn Agreement of December 2001 has signed agreements with Pakistan and Turkmenistan to seek bids from potential investors in the pipeline project, but there are, as yet, no clear indications of interest. Such investment would be dependent on many variables, including the relative price of gas in Central Asia, alternative pipeline routes such as those across the Caspian Sea, the size of gas reserves in Pakistan's Baluchistan region, the feasibility of transporting gas across Pakistan to India, the security environment in both Central Asia and Afghanistan, and the outcome of any military engagement in Iraq. It is thus possible that, if supplies from both Saudi Arabia and Iraq were significantly reduced, Central Asian reserves might become relatively more profitable than they are at present.

Other potential investment in Afghanistan relates to limited known sources of oil and to rich coal and mineral deposits which are, however, thought to be difficult and therefore expensive to extract. The current extraction of lapis lazuli is an important source of foreign exchange for those wielding power in the north-east of the country with links to the Northern Alliance. Carpet production also has potential. In recent years, the carpet industry has grown enormously in the North-West Frontier Province of Pakistan, and it suffered a significant setback because of the large-scale return of refugees from Pakistan in the summer of 2002. However, producers in Afghanistan were already linked to international outlets prior to September 2001. The pace at which the carpet industry expands within Afghanistan will depend on the existence of Afghan entrepreneurs able to develop links with external markets to replace the Pakistani merchants who have dominated the trade of late.

In the absence of international investment, growth in the Afghan economy is likely to depend primarily on the ability of small Afghan entrepreneurs engaging in trading activity or operating repair workshops. The planned work to improve the major highways should provide an important boost to this trading economy, but there are no indicators on which to base assessments of likely growth. In fact, the lack of standardized nationwide data collection systems

represents a major constraint to any measurement of economic indicators. The steps taken to establish a central bank and revalue the national currency, the afghani, through the issue of new notes, will certainly help address this difficulty and also make it easier to control the money supply. The overhaul of the budgetary process of government will also make the management of public sector finances more transparent. However, foreign exchange remains the domain of informal money-changers and most financial transactions are conducted through the *hawala* system, whereby money is paid to an agent in one location and a colleague of his makes a payment in another. This will make it difficult to measure exports and imports in the short term, at least. This task will be rendered even more difficult by the large-scale smuggling of goods between Afghanistan and Pakistan based on the Afghan Transit Trade Agreement, which permits designated goods to transit Pakistan duty free. Large markets exist next to the border where goods sold with the benefit of tax-free status barely enter Afghanistan before being smuggled back into Pakistan. The opium trade represents another element in the economy which is difficult to measure, although satellite imagery at least permits some assessment of the scale of production and information is available on the current market rate for opium. The production and export of heroin is, however, almost impossible to measure beyond the estimates made from seizures, particularly along the borders with Iran and Tajikistan.

The role of the aid community in economic reconstruction

Another difficult area to measure is the impact on the economy of the international presence. With thousands of US and other coalition military present in Afghanistan, and hundreds of international staff employed by the aid community, as well as additional personnel attached to diplomatic missions, there is, potentially, some positive spin-off. However, the military flies in most of its supplies, and expenditure by the aid community will be of significant benefit only to those owning property or operating particular shops. Afghans with construction skills will also benefit for a period.

The other major consideration is the impact the efforts of the aid community and the military will have on the reconstruction process. As noted above, the greater part of the aid process in 2002 was allocated to life-saving activities and the provision of basic services. The development activities engaged in by NGOs and, to a lesser extent, the UN and ICRC over the 14 years since the withdrawal of Soviet troops will have borne fruit but they will also have been undermined by the drought. Thus, for example, many of the wells constructed throughout the country by the Danish NGO DACAAR have now run dry because of the lowered water table.

The primary role of the UN, ICRC and NGOs at present is to support vulnerable elements within the population and to ensure a minimum level of health, water supply and sanitation services. If the rains over the next few years

restore the water table to its former level, NGOs may again play an important role in working with rural communities to enhance agricultural production. This may include action to achieve better harvesting of the water resources that exist and to help implement a national water strategy.

The role of NGOs will inevitably change in response to government policy developments and the growth of the Afghan private sector. It may be, for example, that Afghan NGOs, which have in recent years looked to the UN to provide contracts for rural infrastructure works, will either take on contracts with the government or compete for business from local rural communities as private entrepreneurs. It is also possible that international NGOs which are Afghanistan-specific may establish themselves as national NGOs and work under contract with the government or, with international funding, in association with the government. The role of international NGOs with a global remit will need to be negotiated with the new government on the basis of its own perceptions of the national interest, as will the role of the UN. It is clearly desirable that the number of international personnel is reduced so that Afghans can once again be in the driving seat. The experience of the autumn of 2001, when the Afghan staff of NGOs, ICRC and the UN managed to operate programmes without the presence of international managers, is a clear indication that much greater responsibility can be given to Afghans employed by the aid community than is currently the case.

However, if NGOs are to work effectively with the government, they will need to operate within the National Development Framework and make greater efforts to engage with the line ministries on a day-to-day basis. The government, in turn, should acknowledge that NGOs, collectively, have built up valuable historical knowledge in the areas where they work and have been the primary implementers of projects. Regrettably, the mushrooming in the numbers of NGOs since 11 September has fuelled feelings within the government that NGOs represent an uncontrollable element in an environment that the government increasingly wants to control. The expansion of the UN has not helped and has led to an increased marginalization of NGOs in the principal policy-making fora. If NGOs are to play a role in the new Afghanistan, they need to be taken more seriously by both the government and the UN than is presently the case.

The picture is complicated by the involvement of the military in humanitarian activity aimed to win the 'hearts and minds' of the population. This has tended to take the form of small projects to improve local roads, or to construct schools or clinics. However, it is happening outside the government's National Development Framework and creates confusion in the minds of the population between the military and the aid community. If, as is possible, the US-led coalition alienates the population through its military actions, particularly errors committed in bombing raids which result in civilian casualties, or insensitively handled search operations, this could rebound on western humanitarian and development agencies, including the UN.

The need for safety valves

The return of up to 1.9 million refugees from Pakistan and Iran has not, of course, helped the reconstruction process. While some of these have brought new resources into the country, most have placed an added burden on a fragile infrastructure. This brings into focus the interrelationship among migration to Iran and Pakistan, the urbanization process and the need for relief provision to be made in camps within Afghanistan for those deemed to be internally displaced.

It is clear from a number of studies that the agricultural economy of Afghanistan cannot easily sustain its population. Even in villages which have benefited from years of development assistance to rebuild the agricultural infrastructure, one sees that a proportion of the population are working in either Iran or Pakistan. This tends to be the younger members of families so that, typically, a young man would spend a year to eighteen months in one of the neighbouring countries before returning to his village, at which point a younger brother would take his turn abroad. The need of a particular family to have one or more members in Iran or Pakistan will depend on many variables including access to land, the quantity and quality of the land available, and the number of able-bodied people in the family. There are thus significant differences from village to village and from household to household within each village. There are also differences in the ability of those migrating to make a reasonable contribution to family income. It is far from easy to find work in Iran and Pakistan, and much of this takes the form of intermittent daily labouring, combined with poorly paid tasks primarily carried out by women and children such as pistachio shelling, wool cleaning, embroidery and weeding.

The key consideration here is the ability of the economies of Iran, Pakistan and the Arabian Peninsula to act as a safety valve for a struggling Afghan economy. It is far from clear to what extent Iran and Pakistan are willing to condone a level of migration. Certainly, in the case of Iran, there are periods when it is relatively easy for Afghans to bribe their way across the border and pay for agents to transport them to one or other of the main cities of Iran and, similarly, periods when the rate of deportations of illegal Afghan migrants suddenly increases dramatically. It could, theoretically, be argued that Iran recognizes the value of Afghan migrant labour for the construction industry and for more menial tasks such as refuse disposal, yet is under considerable pressure from the Iranian *majlis* (parliament) and the labour unions to keep the numbers of Afghan workers down. It may, therefore, be responding to periods when surplus labour is needed by permitting a controlled inflow of Afghans while increasing the rate of deportations when the demand for labour reduces, which is likely to coincide with heavy pressures from the *majlis* and the labour unions. In the case of Pakistan, the flow into and out of the country is almost impossible to control because of the greater porosity of the border, so political factors are likely to be of greater significance than economic ones in determining the

permitted level of Afghan labour in the country. It is also worth noting that the Pakistan government has given the right to remain to Afghans engaged in the carpet industry, which has made a major contribution to the economy of the North-West Frontier Province. In the case of Pakistan there has also been the factor of seasonal migration, whereby whole families have spent the winter in Pakistan, despatching some members to look after their land in Afghanistan during the spring and summer.

If we take the view, therefore, that the economy depends heavily on Iran, Pakistan and the Arabian Peninsula, together with North America and Europe, as sources of employment, what are the alternative safety valves if these cease to be available? We are already seeing the UNHCR having to set up camps for internally displaced people in Afghanistan as a direct consequence of Pakistan and Iran imposing tighter controls on their borders. Thus, when drought victims from western Afghanistan found themselves prevented from entering Iran, alternative provision had to be made in a number of camps near Herat, notably that of Maslakh, which at one point accommodated over 100,000 people. A more recent example has been the need for the UNHCR to create a new camp in the middle of the desert at Zhare Dasht, to the west of Kandahar, to house up to 60,000 victims of drought and ethnic-based violence who were refused entry into Pakistan. The urban areas of Afghanistan also represent possible safety valves for those who cannot survive in the rural areas, and we have already seen a pronounced urbanization process over the course of the past 24 years of conflict. Even in the latter part of 2002 there have been reports of whole families leaving the central highlands to take up permanent residence in Kabul. However, it is only in Kabul that we are currently seeing any significant population growth, and this, given the prohibitive price of accommodation, is limited to those who already have relatives or property to go to. Elsewhere in Afghanistan, there is, as yet, little sign of a major move to the cities since the Bonn Agreement. However, this may change if there is inward investment.

Opium production represents an important safety valve of a different kind, both for the farmers producing it and for those working as labourers in the opium harvest. Given that the agricultural economy cannot adequately feed the population, the need for additional cash is a key element in survival strategies. Although some gradual expansion is evident in the urban economies, this is not sufficient to generate the income levels that are required. Similarly, Iran and Pakistan cannot be relied upon to permit inward migration, even for limited periods, and the ability of the aid community to reach all those who are vulnerable will always fall short of the ideal. Until the economy can provide a reasonable level of cash income through the activities of the private sector, farming families and landless labourers will see opium production as an important means of survival. This is particularly the case since so many families have had to sell their assets or get into debt as a consequence of the drought. Furthermore, the ban on production which took effect in 2001 as a result of the Taliban decree of 2000 will have left opium producers in debt to traders for sums they

borrowed on the security of the 2001 opium harvest. The plan to reconstruct much of the highway system will help generate additional cash.

The relationship between reconstruction assistance and security

Security is regarded by all as the absolute prerequisite for a successful reconstruction process. The security situation has, in many respects, deteriorated since the fall of the Taliban and remains very fragile. In effect, with the collapse of the Taliban, Afghanistan has been left with a fragmented power structure in which de facto responsibility for security lies not only with the central government but with regional power-holders as well. Thus, Herat is controlled by Ismail Khan while power is contested in the north between Dostam's Junbesh, Jamiat-i-Islami and Hisb-e-Wahdat. Gul Agha Sherzai in Kandahar keeps other contenders at bay only by virtue of the heavy US presence at Kandahar airport. In the south-east of the country power is fragmented, with added complexities created by the provision of resources by the US military to certain power-holders in return for assistance in the search for al-Qaeda. In the opinion of most experts it will take a number of years for a fully functional national army and effective police force to be developed. The creation of the International Security Assistance Force (ISAF) has had symbolic importance in Kabul but its mandate does not extend beyond protection of government ministers and public buildings. However, the government, together with the UN and NGOs, have called for an extension of the ISAF presence to other parts of the country in the hope that such a presence might encourage those engaged in hostilities to desist and to allow processes of decommissioning and demobilization to get under way. Apparent signs in August 2002 that US policy was about to undergo a major change towards backing the extension of peacekeeping forces beyond Kabul have failed to materialize. Though the United States has now ended its opposition to an extension of ISAF in principle, it still shows no sign of contributing troops for this effort. This is critical if European states, which have hitherto refused to contribute troops to an expanded ISAF, are to be persuaded to change their policy on this axiomatic issue. It does not, therefore, seem likely that the international community will be willing to commit forces to such an extension, and the present indications are that the US-led coalition will establish a presence in six areas of the country in order to create what is referred to as the 'ISAF effect'. The nature of this presence is still under discussion and is likely to differ from one part of the country to another, depending on the prevailing security environment. The effectiveness of any security arrangement will depend, in large part, on the willingness of regional and local power-holders to respect the existence of the Afghan transitional administration in Kabul. If those in the regions see that resources might come their way through the central government, they are more likely to respect security arrangements imposed from outside. There is, therefore, an inter-relationship between the availability of reconstruction resources and the extent

to which local power-holders see it as in their interests to cooperate with the centre. To this end, high-visibility core infrastructure projects such as roads, power and water supplies, together with action to strengthen health and education services, must be regarded as a high priority.

The relationship between the centre and the regions

A related point is the crucial importance of ensuring that resources provided by the international community are directed through the central government. If, as presently happens, much of the funding is allocated directly to the UN, ICRC and NGOs, such agencies will see the local authorities as their primary reference points, even though they will keep the central government informed of their activities. Thus local power-holders can benefit from the resources provided by external agencies and simultaneously maintain their distance from Kabul. This tendency is already well established because of the ability of the regional power-holders to generate customs revenues from passing trade. One of the key issues in the relationship between the centre and the regions is the willingness of the regional power-holders to surrender such customs revenues to the government while negotiating, with the government, appropriate arrangements to fund local public services. Unless central government is seen to offer substantial benefits through the resources made available by the international community, local power-holders will continue to maintain their independence and seek local advantage by resorting to conflict.

Conclusions

The survival of the present government in Afghanistan and its ability to build national unity are inextricably linked to reconstruction assistance. If it is forced to lurch uneasily forward without the resources it needs to win the support of the population and without the consistency of funding that would support a long-term planning process, it could easily fail. In such an eventuality, the resources that have been put into the country since the Bonn Agreement may be seen as having achieved no more than having kept a part of the population alive over a specific period. It cannot be sufficiently stressed that the present government is extremely fragile and, like any fragile being, needs sustained support if it is to establish itself. Above all, the government needs international donors to provide it with a definite commitment of funding over a three- to five-year period to enable it to plan with a reasonable degree of certainty. It is not sufficient for governments to make pledges, as they did in Tokyo. Individual governments need to make transparent allocations which are clearly earmarked for Afghanistan over a period of several years, and these need to be at a much higher level than was pledged at Tokyo. Although it may be oversimplistic to make comparisons with the per capita allocations to the Balkans and East Timor, it is very clear that the pledges made at Tokyo were simply not

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enough to put Afghanistan back on its feet. The various programmes to restore the highway system are extremely welcome, but they need to be supplemented by additional investment in education and health care and in the economic infrastructure, including transport, power and telecommunications. It is also essential that the government is seen to be in control and given the resources to enable it to govern, and that the UN, IFIs, ICRC and NGOs demonstrate a willingness to reduce their own profiles while supporting the government to build its capacity and establish its legitimacy throughout Afghanistan.

★ The analysis given in this article is based on the situation in Afghanistan as at mid-November 2002. An updated analysis can be found in the British Agencies Afghanistan Group BAAG Monthly Review which can be retrieved through the following websites: www.refugeecouncil.org.uk; www.baag.org.uk; www.reliefweb.int or by email through peter.marsden@refugeecouncil.org.uk.

